

Message Text

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TAGS: EFIN, GR
SUBJECT: NEW LAW AUTHORIZES OFF-SHORE BANKING AND SHIPPING TRANSACTIONS

1. A BILL RECENTLY ENACTED INTO LAW AUTHORIZES SHIPPING COMPANIES AND BANKS TO CONCLUDE AND SIGN IN GREECE TRANSACTIONS AND AGREEMENTS IN FOREIGN EXCHANGE, REGARDLESS OF THE COUNTRY OF RESIDENCE OF THE CONTRACTING PARTIES. UNDER GREEK LAW SUCH CONTRACTS WERE PREVIOUSLY ILLEGAL AND INVALID. BY MEANS OF APPROPRIATE DECISIONS PUBLISHED IN THE GOVERNMENT GAZETTE, THE CURRENCY COMMITTEE WILL LAY DOWN THE REQUIREMENTS FOR THE CARRYING OUT OF ABOVE OPERATIONS, THE INSTITUTIONS AUTHORIZED TO ENGAGE IN SUCH DEALINGS, AS WELL AS THE RELATIVE TERMS AND CONDITIONS. THE LAW, NO. 740, WAS PUBLISHED IN THE OCTOBER 13, 1977, GOVERNMENT GAZETTE.

2. PROBABLY, THE MOST IMPORTANT IMMEDIATE EFFECT OF THE LAW IS THE SECTION WHICH APPLIES TO SHIPPING. IT WAS PREVIOUSLY ANOMALOUS THAT SHIPPING CONTRACTS, E.G., FOR CHARTERS, SIGNED BETWEEN GREEK COMPANIES AND BANKS ABROAD IN FOREIGN EXCHANGE WERE NOT VALID ACCORDING TO GREEK LAW. THE NEW LAW WILL CORRECT THIS SITUATION AND MAKE IT EASIER FOR THE IMPORTANT SHIPPING SECTOR TO OPERATE BOTH IN GREECE AND OVERSEAS.

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3. IN THE LONG RUN, HOWEVER, THE SECTION WHICH OPENS THE WAY FOR BANKS OPERATING IN GREECE TO ENGAGE IN OFF-SHORE TRANSACTIONS MAY BE MORE IMPORTANT IN HELPING GREECE TO ESTABLISH ITSELF AS A REGIONAL BUSINESS CENTER.

4. WE UNDERSTAND FROM BANK OF GREECE CONTACTS THAT THIS LAW IS THE FIRST STEP IN A BANK OF GREECE CAMPAIGN TO LIBERALIZE

GREECE'S VERY RESTRICTIVE BANKING AND FOREIGN EXCHANGE REGULATIONS
AND THEREBY HELP THIS COUNTRY TO BECOME A FINANCIAL CENTER FOR THE
REGION. FOLLOWING ELECTIONS, WE, THEREFORE, EXPECT TO SEE ADDITIONAL
LAWS AND CURRENCY COMMITTEE REGULATIONS IN THIS DIRECTION.
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